

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 2578

IN THE MATTER OF:

Served July 13, 1984

Application of THE AIRPORT)
CONNECTION, INC., for a Certificate)
of Public Convenience and Necessity)
to Conduct Charter Operations --)
Airport Service)

Case No. AP-84-17

Application of THE AIRPORT)
CONNECTION, INC., for a Certificate)
of Public Convenience and Necessity)
to Conduct Special Operations --)
Airport Service)

Case No. AP-84-18

By applications filed March 27, 1984, The Airport Connection, Inc. ("TAC" or "applicant"), seeks certificates of public convenience and necessity to transport passengers and their baggage over irregular routes in charter and special operations between Washington National Airport and Dulles International Airport, on the one hand, and, on the other, points in the Metropolitan District. 1/ By its terms, TAC's application to conduct charter operations is restricted to the transportation of passengers and aircraft crews having a prior or subsequent movement by air.

These applications come before us as a result of the Federal Aviation Administration's ("FAA") designation of TAC as the primary ground transportation contractor for Dulles and National Airports during the period May 1, 1984, through April 30, 1989. Applicant is currently discharging its contract obligations under temporary authority from the Commission. By its applications for certificates of public convenience and necessity, TAC seeks authority beyond the 180-day maximum period covered by a grant of temporary authority.

Following the April 16, 1984, publication of notice in a newspaper of general circulation in the Metropolitan District, a public

1/ To the extent that either application can be interpreted to include transportation solely within the Commonwealth of Virginia, the applications are dismissed as outside our jurisdiction. See Compact, Title II, Article XII, Section 1(b).

hearing was held on May 16, 1984, at which TAC's applications stood unopposed. At that hearing, applicant presented testimony by the company and the FAA.

John L. Tanavage, president of TAC, testified regarding that company's fitness to provide the proposed service. According to Mr. Tanavage, The Airport Connection, Inc., is a Virginia corporation organized in February, 1984, and is a wholly owned subsidiary of Airport Baggage Carriers, Inc. ("ABC"), a Maryland corporation. Incorporated in 1979, ABC has been offering passenger ground transportation out of BWI Airport since 1980. ABC provides services to approximately 25 locations in the Baltimore metropolitan area. With the exception of its service between BWI and National Airports, ABC operates on routes previously served by the State Aviation Administration of Maryland ("SAA"). Upon assuming these routes, ABC offered expanded service and realized a profit. (According to Mr. Tanavage, SAA operated the routes at a loss). A letter from Theodore E. Mathison, Director of Airports, Maryland Department of Transportation, notes the Department's satisfaction with applicant's service and the virtual absence of complaints from passengers using ABC.

Applicant began operations under the FAA contract on May 1, 1984. Under the terms of its contract with FAA, applicant's special operations consist of scheduled service between the Washington Convention Center and hotels in the Metropolitan District, on the one hand, and, on the other, National and Dulles Airports. Its charter operations are available to transport groups between the airports, on the one hand, and, on the other, any point within the Metropolitan District. The service is conducted using fourteen 46-passenger coaches owned by FAA as well as three 22-passenger minibuses, and twenty-five 11-passenger vans owned by applicant.

According to Mr. Tanavage, applicant attempts to provide ground transportation commensurate in quality with airline transportation. Practices intended to promote quality of service include recruiting drivers with unusually good safety records, daily inspection of vehicles by drivers at whose option a vehicle may be taken out of service, monthly employee performance evaluations, operation of a maintenance facility at National Airport, routine maintenance on a regular schedule, thorough cleaning of each vehicle once a day with spot cleaning after each trip, and periodic inspections and evaluations of maintenance operations by the United Bus Owners Association.

Applicant submitted a financial statement for the nine months ended March 31, 1984. Due to its relatively short corporate life and dearth of operating experience, TAC's financial condition was consolidated with that of ABC. The consolidated financial statement showed total assets of \$655,034 with common stock of \$2,000 and retained earnings of \$55,995. Income of \$721,171 and expenses of \$695,380 resulted in net operating income before taxes of \$25,791 for

the period under consideration. Mr. Tanavage testified that in the future, separate financials will be maintained for TAC and ABC. We note also that TAC indicated in its applications that ABC will fully guarantee all obligations and liabilities of applicant.

The applicant's schedule of proposed rates and charges is attached as Appendix A to this Order. In connection with these, TAC also filed rules and regulations governing its proposed service. Rule 2 provides that the carrier assumes no liability for loss or damage to baggage. On cross-examination, however, Mr. Tanavage testified that where the company had been negligent its practice would be to reimburse the passenger for his or her loss. The witness further agreed that the tariff should be changed to reflect this.

Richard Griesbach, manager of commercial operations for the Metropolitan Washington Airports, testified for the FAA. In his position with the FAA, Mr. Griesbach is responsible for the planning and management of commercial operations including ground transportation at National and Dulles. FAA supports a grant of certificates of public convenience and necessity to TAC in order that applicant may fulfill the obligations of its contract and provide ground transportation at the service level FAA deems appropriate. Over 70,000 regular service miles per week are scheduled, and full charter services emphasize the accommodation of aircraft diversions.

According to Mr. Griesbach, TAC's proposal, submitted in response to FAA's extremely detailed Request for Proposals ("RFP"), was selected over its competition because applicant not only met the requirements of the RFP but went beyond them in many areas. The FAA evaluated the proposed service by going to Baltimore and testing applicant's service on several occasions. Since TAC began operating under its five-year contract, FAA has been extremely pleased with its operations in general. TAC not only commenced its wide-ranging operations with few problems, but it immediately began correcting those problems that did exist, including overcrowding.

As to need for such service, Mr. Griesbach testified that, of the 14.5 million passengers who use National Airport each year, 2.2 percent use public ground transportation. Three million passengers use Dulles annually. According to FAA's witness the number of passengers using that airport has been increasing over the past two years. Mr. Griesbach estimates that, under the contract with TAC which includes more frequent service and advertising of that service, the percent of persons using public ground transportation at National and Dulles will increase to 6 percent and 18 percent, respectively, over the next two to three years.

The Commission is required to grant a certificate of public convenience and necessity upon application where, after notice and public hearing, it finds, (1) that the applicant is fit, willing and

able to perform the transportation proposed and to conform to the provisions of the applicable law and rules and regulations of the Commission; and (2) that the public convenience and necessity require the proposed transportation. Compact, Title II, Article XII, Section 4(b). Upon a review of the record in this case, we find that TAC has met its burden of proof and, therefore, a certificate of public convenience and necessity to conduct the proposed services shall issue.

Turning first to the matter of the public's need for transportation to the airports, we note that a substantial number of people now use scheduled transportation to and from the airports, and increases in ridership should be occasioned by advertising and the increased level of service proposed by TAC. No other certificated carrier operates scheduled service between the airports on the one hand, and on the other, points within the Metropolitan District. Applicant's charter service, restricted by its terms to passengers with a prior or subsequent movement by air, is a natural extension of its scheduled service. It is directed primarily to the transportation of passengers inconvenienced by aircraft diversions, a service it can be expected to offer more quickly and more efficiently than other carriers certificated for charter service given applicant's presence at the airports. Furthermore, no similarly certificated carriers opposed TAC's application.

Applicant was selected by FAA through a competitive bid process. The FAA's solicitation for bids was so detailed as to specify the fiber content of drivers' uniforms. Applicant's answering proposal was more specific and exceeded the service requirements of FAA in some respects. TAC's parent, ABC, has a history of successfully conducting similar operations in the Baltimore metropolitan area. Moreover, ABC presents a stable financial picture and has agreed to guarantee TAC's debts. TAC has adequate equipment, drivers and administrative backing to provide the requested service. Finally, there is no evidence to suggest that applicant would be unwilling or unable to comply with the terms of the Compact or Commission rules and regulations. Applicant's parent has operated passenger transportation without incident in Maryland since 1980 and no complaints have been lodged with this Commission regarding illegal operations by applicant.

One final matter comes before us as the result of correspondence filed June 14, 1984, by the Advisory Neighborhood Commission 3-C ("ANC") and the Woodley Park Community Association ("WPCA"). These organizations objected to certain alleged traffic and parking violations by TAC and ask that its certificate be restricted against the use of certain streets when serving the Shoreham Hotel and the Sheraton-Washington Hotel.

On June 18, 1984, TAC filed a motion to exclude those two letters from the record in this proceeding. In support of its motion,

TAC states that the letters were not timely filed, that TAC fully complied with Commission requirements to publish notice in a newspaper and post notice in each of its vehicles, that protests or comments were due by May 8, 1984, and that TAC commenced the operations in question on May 1 under temporary authority, thus providing ample actual notice. 2/

As a technical matter we find that TAC is correct that the correspondence at issue was untimely filed and should be excluded. However, as a practical matter, even if we were to admit the correspondence, it would not affect our decision.

We note first our lack of jurisdiction over matters such as parking and street operations. 3/ We also note that these applications are for irregular route authority in charter and special operations, types of authority which describe general service areas and specific service points, respectively, without describing the streets over which such service is rendered. Furthermore, no evidence in the record -- and nothing in the excluded correspondence -- contradicts our findings that the public convenience and necessity require such service and that TAC is fit to provide it.

We will, however, direct our staff to provide a forum conducive to a resolution of the problem which is equitable to all concerned. Parties who might appropriately be involved in fashioning a solution include TAC, ANC, WPCA, the District of Columbia Department of Public Works, the Metropolitan Police Department, the Shoreham Hotel and the Sheraton-Washington Hotel.

THEREFORE, IT IS ORDERED:

1. That applicant's motion to exclude from the record letters filed on June 14, 1984, by Advisory Neighborhood Commission 3-C and the Woodley Park Community Association is hereby granted.

2. That the application of The Airport Connection, Inc., for a certificate of public convenience and necessity to transport passengers and their baggage in charter operations, between Washington National Airport, Gravelly Point, Va., and Dulles International Airport,

2/ ANC, in its letter, admits to having observed such operations under temporary authority.

3/ Additionally, we note our recent decisions on reconsideration in Case Nos. AP-83-10, et al., in Order No. 2483, served October 7, 1983, and Order No. 2504, served December 2, 1983, with regard to restrictions on irregular route certificates pertaining to federal, state or local laws, rules or regulations.

Herndon, Va., on the one hand, and, on the other, points in the Metropolitan District, restricted to the transportation of passengers and aircraft crews having a prior or subsequent movement by air, is hereby granted.

3. That the application of The Airport Connection, Inc., for a certificate of public convenience and necessity to transport passengers and their baggage, in special operations, between Washington National Airport, Gravelly Point, Va., and Dulles International Airport, Herndon, Va., on the one hand, and, on the other, points in the Metropolitan District, is hereby granted.

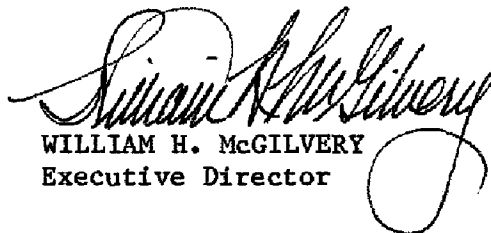
4. That The Airport Connection, Inc., is hereby directed to revise its WMATC Tariff No. 1, Rule No. 2, dealing with liability for loss or damage to baggage, consistent with the discussion in the body of this Order.

5. That The Airport Connection, Inc., is hereby directed to file two copies of its WMATC Tariff No. 1, as revised pursuant to ordering paragraph No. 4 of this Order and including the provisions contained in Supplement No. 1, approved in Case Nos. AP-84-14 and AP-84-15, and two copies of an affidavit certifying compliance with Commission Regulation No. 68 governing identification of vehicles, for which purpose WMATC Certificate No. 111 is assigned.

6. That, upon compliance with the mandates of this Order, an appropriate certificate of public convenience and necessity shall be issued.

7. That, unless The Airport Connection, Inc., complies with the requirements of this Order within 30 days or such additional time as the Commission may direct, the grant of authority herein shall be void and the applications shall stand denied effective upon the expiration of the said compliance time.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS WORTHY, SCHIFTER AND SHANNON:


WILLIAM H. MCGILVERY
Executive Director

FARES AND CHARGES

SPECIAL OPERATIONS between Washington National Airport and:

	<u>One Way</u>	<u>Round Trip</u>
Rosslyn Hotels	\$ 3.00	\$ 5.00
Dulles International Airport	9.00	17.00
Capital Hilton Hotel	4.25	8.00
Washington Hilton Hotel	4.25	8.00
Sheraton Washington Hotel	5.00	9.00
Tyson's Corner Hotels	8.00	15.00
Sheraton Reston Hotel	8.00	15.00
Chevy Chase Hotels	7.25	14.00
Bethesda Hotels	8.00	15.00
Silver Spring Hotels	7.25	14.00
Wheaton Hotels	8.50	16.00
Zone 1 (other areas of Montgomery County inside the Beltway) *	7.25	14.00
Zone 2 (other areas of Montgomery County outside the Beltway) *	7.25 plus \$1/mile beyond Zone 1	
Hyatt Regency Washington	4.25	8.00
Quality Inn-Capitol Hill	4.25	8.00
Mayflower Hotel	4.25	8.00
Shoreham Hotel	5.00	9.00
Marriott	4.25	8.00
Convention Center	4.25	8.00
Gaithersburg Hotels	15.00	25.00

SPECIAL OPERATIONS between Dulles International Airport and:

Capital Hilton	\$ 9.00	\$17.00
Washington Hilton Hotel	9.00	17.00
Sheraton Washington Hotel	9.00	17.00
Silver Spring and Wheaton Hotels	11.00	20.00
Bethesda and Chevy Chase Hotels	11.00	20.00
Zone 1 (other areas of Montgomery County inside the Beltway) *	10.00	18.00
Zone 2 (other areas of Montgomery County outside the Beltway) *	10.00 plus \$1/mile beyond Zone 1	
Shoreham Hotel	9.00	17.00
Mayflower Hotel	9.00	17.00
Gaithersburg Hotels	15.00	25.00

CHARTER OPERATIONS: **

	<u>Per Hour</u>	<u>Minimum Charge</u>
11-passengers vehicles	\$25.00	\$100.00
22-passenger mini-buses	35.00	140.00
40-passenger vehicles or larger	40.00	160.00

* Unless otherwise specified.

** A 20 percent surcharge will be charged for service requested less than four hours prior to time the vehicle is needed.